



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | DECEMBER 8, 2021

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Ed Mandich, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Lisa Marie Sangi, Executive Assistant

CONSULTANTS VIA CONFERENCE CALL

Paul Kaymark, Nigro & Nigro
Ian Berg, Eide Bailly, LLP

PUBLIC PRESENT VIA CONFERENCE CALL

None

CALL MEETING TO ORDER

Director Chadd called the December 8, 2021 Finance/Audit Committee Meeting to order at 1:00 p.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

There were no comments received.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi recommended to move item six to the front of the agenda and to pull item three from the agenda.

ITEM 6: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR ENDING JUNE 30, 2021

Mr. Paludi introduced this matter for Committee consideration. Mr. Perea reported that the Board approved a three-year contract with Nigro & Nigro for auditing services for the District, and he introduced Mr. Kaymark to the Committee. Mr. Kaymark expressed his appreciation to Ms. Warner's for her assistance to the audit team, and he reviewed the financial report Statement of Revenues, Statement of Cash Flows and Assets, and Deferred Balance Sheets. Discussion occurred concerning total expenses versus cash flow for FYE June 30, 2021.

RECOMMENDED ACTION(S)

The Committee recommended the Board receive and file the District Annual Financial Report (Audit) for Fiscal Year Ended June 30, 2021 (Action Calendar).

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FINANCE AUDIT COMMITTEE MEETING RECAP | DECEMBER 8, 2021**

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

RECOMMENDED ACTION:

The Committee recommended that the Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors for approval (Consent Calendar).

ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Director Mandich mentioned that the South Orange County Integrated Regional Watershed Management Executive meetings will need to be updated to a monthly occurrence. Director Chadd indicated that he did not attend the ISDOC luncheon.

RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses Report for November 2021 and the Tentative Future Meetings/Attendance Report be forwarded to the Board of Directors for consideration as amended (Action Calendar).

ITEM 4: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING DISTRICT RESPONSE TO ONGOING DROUGHT CONDITIONS IN CALIFORNIA

Mr. Paludi presented this matter for Committee consideration, and he reported that the District is required to adopt an updated Water Conservation Ordinance consistent with the Water Shortage Contingency Plan (WSCP) adopted by the Board in June 2021. Mr. Paludi reported current statewide drought conditions and regional responses to the issue, and he recommended the Board adopt a resolution declaring a Level 2 Water Shortage Condition in accordance with the WSCP. Discussion occurred concerning public outreach methods to communicate the District response efforts to the drought and State Water Project impacts.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors adopt Resolution No. 2021-1301 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring a Level 2 Water Shortage Condition per the District's Water Shortage Contingency Plan (Action Calendar).

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ADOPTION OF A RESOLUTION AUTHORIZING AN APPLICATION TO THE DEPARTMENT OF WATER RESOURCES' 2021 URBAN AND MULTIBENEFIT DROUGHT RELIEF GRANT PROGRAM

Mr. Paludi presented this matter to the Committee, and he provided an update on the District's AMR/AMI Metering Implementation Project. Mr. Paludi reported that District staff has worked with Soto Resources to apply for the Department of Water Resources (DWR) Urban and Multibenefit Drought Relief Grant Program to supplement the funding for the District's project. Discussion occurred concerning other grant opportunities available to the District.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors adopt Resolution No. 2021-1302 – Resolution of the Board of Directors of Trabuco Canyon Water District Authorizing the Grant Application, Acceptance, and Execution for the Automatic Meter Reading/Advanced Metering Infrastructure Implementation Project (Action Calendar).

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ITEM 7: OTHER MATTERS

Mr. Paludi provided a brief update on the District's Fiscal Year 2021/2022 Capital Improvement Project (CIP) budget and the plans to issue debt consistent with the 2020 Rate Study. Mr. Paludi reported that the District Treasurer is working in conjunction with Fieldman, Rolapp & Associates to develop a financial model for Board consideration.

RECOMMENDED ACTION:

No action was taken.

ITEM 8: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for October 2021, and she highlighted the following items:

Operating Revenue, Residential Water

Ms. Warner reported that water demand for the month was lower than the prior month, but the year to date was higher than budgeted.

Operating Revenue, Irrigation Water

Ms. Warner reported that this line item was higher than the prior month due and the year to date was significantly higher than budgeted due to warmer temperatures.

Operating Revenue, Recycled & Reclaimed Water

Ms. Warner reported that water demand for the month was lower than the prior month, but the year to date was higher than budgeted.

Operating Revenue, Baker Treatment Plant Sales

Ms. Warner reported that this line item was higher than the prior month.

Operating Expenses, Sanitation Expenses

Ms. Warner reported that this line time was higher than the prior month due to increased expenses associated with sewer lift station repairs.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors receive and file the preliminary unaudited financial statements for October 2021 (Consent Calendar).

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for December 8, 2021 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the December 8, 2021 Finance/Audit Committee Meeting at 1:42 p.m.